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NEWS RELEASE

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PSC APPROVES EXPANSION OF LG&E TRIMBLE COUNTY PLANT *New generator would add 750 megawatts of capacity*

FRANKFORT, Ky. (Nov. 1, 2005) – The Kentucky Public Service Commission (PSC) today approved the application of Louisville Gas & Electric Co. (LG&E) and Kentucky Utilities Co. (KU) to expand the Trimble County electric generating plant near Bedford.

LG&E and KU, which are sister companies, plan to construct a 750-megawatt coal-fired generating unit at the plant. The new unit is expected to cost about \$1.1 billion and be completed by 2010.

The Trimble County Station currently includes a 514-megawatt coal-fired unit and six gas turbine generators with a total capacity of more than 900 megawatts.

In an order issued today, the PSC said the new unit appears to be needed to meet projected demand for electricity in the area served by the two utilities. However, if that demand does not materialize, the companies should be prepared to modify the project, the PSC said.

LG&E and KU will have to notify the PSC “immediately if they notice any material divergence between their (demand) forecasts and actual usage that could call into question the advisability of further pursuit of construction” of the new unit, the PSC said. Under those circumstances, the PSC could reopen the case.

The PSC said falling short of needed capacity is riskier than overbuilding. A shortfall creates a need to generate or purchase high-priced peaking power that ultimately would be paid for by consumers, a risk “of such significance that it should be avoided, if at all possible,” the PSC said.

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If it appears that LG&E and KU are building too much capacity, the project can be slowed or even canceled before too much money is invested in it, the PSC said.

While declining to require certain hiring practices, as requested by labor unions, the PSC said it “strongly encourage(s) the Companies to provide as many jobs as possible to Kentucky citizens.”

KU would own 81 percent and LG&E 19 percent of their joint 75 percent share of the facility. Costs would be allocated to the utilities’ ratepayers in the same proportion.

The Illinois Municipal Electric Agency and the Indiana Municipal Power Agency would jointly own 25 percent of the new facility. Their application is being considered separately by the Kentucky State Board on Electric Generation and Transmission Siting. A decision is due later this month.

LG&E has about 391,000 electric customers in and around the Louisville area. KU has 486,000 customers in 77 Kentucky counties. Both utilities are subsidiaries of LG&E Energy LLC.

Today’s order, the LG&E and KU application and related documents are available on the PSC Web site: psc.ky.gov. The case number is 2004-00507.

The PSC is an agency within the Environmental and Public Protection Cabinet. It regulates more than 1,500 gas, water, sewer, electric and telecommunication utilities operating in the Commonwealth of Kentucky and has approximately 110 employees.

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